either by taxation or by loans raised exclusively out of real savings, the rise in prices which has made the war so terribly costly, and has raised so great a danger through the unrest and dissatisfaction of the working classes, might have been to a great extent avoided, and the higher the rate of taxation had been, and the less the amount provided by loans, the less would have been the seriousness of the problem that now awaits us when the war is over and we have to face the question of the redemption of the debt.

In this matter of taxation we have certainly done much more than any of the countries who are fighting either with us or against us. Germany set the example at the beginning of the war of raising no money at all by taxation, puffed up with the vain belief that the cost of the war, and a good deal more, was going to be handed over to her in the shape of indemnities by her vanquished enemies. This terrible miscalculation on her part led her to set a very bad example to the warring Powers, and when protests are made in this country concerning the low proportion of the war's costs that is being met out of taxation it is easy for the official apologist to answer, "See how much more we are doing than Germany!" It is easy, but it is not a good answer. Germany had no financial prestige to maintain: the money that Germany is raising for

financing the war
is raised almost entirely at home, and
she rejoices
in a population so entirely tame under a
dominant
caste that it would very likely be quite
easy for her,
when the war is over, to cancel a large
part of the